

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 IO-13 CIAE-00 DODE-00 PM-05

H-01 INR-10 L-03 NSAE-00 PA-01 SP-02 SS-15

AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02

OPIC-03 LAB-04 SIL-01 OMB-01 CEA-01 STR-07

NSCE-00 SSO-00 ICAE-00 INRE-00 /108 W

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 9949

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

C O N F I D E N T I A L KINSHASA 5282

DEPT FOR AF/C

E.O. 11652: GDS

TAGS: EGEN, EINV, CG

SUBJECT: IBM REMOVAL OF FINANCE MINISTRY COMPUTER RESULTS IN GOZ
INABILITY TO MEET GOVERNMENT PAYROLL

REF: MEMCON OF MAY 17, 1978 RE IBM (NOTAL)

1. IBM LOCAL MAMANGER WATTIER INFORMED US THAT IN EARLY MAY IBM REPOSSESSED COMPUTER BEING USED IN ZAIRIAN DEPARTMENT OF FINANCE, ADDING THAT OFFICE TO LONG LIST OF PUBLIC OFFICES AND PRIVATE COMPANIES WHICH HAVE LOST COMPUTER FACILITIES OVER PAST YEAR FOR FAILURE TO PAY FEES DUE IBM. HOWEVER, FINANCE COMPUTER IS PARTICULARLY IMPORTANT AS IT IS USED IN PREPARATION OF PAYROLL FOR ALL GOZ EMPLOYEES, INCLUDING TEACHERS, POLICE AND MILITARY.

WE UNDERSTAND THAT ABOUT 400,000 GOZ SALARY PAYMENTS ARE BASED ON THIS
COMPUTER.

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2. MAY 17 WATTIER TOLD US THAT IBM HAD DELIVERED PROPOSAL TO FINANCE MINISTER Emony ON MAY 16, OFFERING TO REINSTALL COMPUTER SERVICES IF GOZ PAYS PAST DEBTS AMOUNTING TO \$1,061,462 AND 35,585 ZAIRES, AND IN ADDITION PAYS \$880,000 IN ADVANCE RENT FOR THE NEXT SIX MONTHS OF SERVICE. IBM HAS OFFERED TO ACCEPT THE TOTAL PAST DUE IN ZAIRIAN CURRENCY WITH THE PROVISION THAT THE COMPANY BE PERMITTED TO USE THIS LOCAL

CURRENCY PAYMENT TO PAY ITS ZAIRIAN TAXES.

3. IN A LETTER TO CENTRAL BANK GOVERNOR BOFOSSA DATED MAY 13
FINANCE MINISTER EMONY POINTED OUT THAT IF THE FINANCE
COMPUTER IS NOT PUT BACK IN OPERATION IMMEDIATELY THE
MINISTRY OF FINANCE MAY MISS THE MAY 20 GOVERNMENT PAYROLL.
IN THAT LETTER EMONY STATED: "YOU WILL AGREE WITH ME THAT SUCH
A SITUATION IS VERY DETRIMENTAL AND MIGHT CAUSE SOCIAL
PROBLEMS OF INCALCULABLE CONSEQUENCES." WE UNDERSTAND THAT
GOZ HAS NOT BEEN ABLE TO MAKE MAY 20 SALARY PAYMENTS DUE TO
LACK OF COMPUTER.

4. IBM MANAGER WATTIER AND ASSISTANT MANAGER VAN HOOT ARE
ABSENT FROM ZAIRE. ACTING IBM ZAIRIAN REPRESENTATIVE
MUKADI KABUMBU HAS JUST TOLD US THAT BANK OF ZAIRE HAS
AUTHORIZED PAYMENT OF \$300,000 AS ADVANCE RENT FOR THE FINANCE
COMPUTER. HE EXPECTS TO GET WRITTEN CONFIRMATION OF THAT
TODAY. HOWEVER, MUKADI TOLD US THAT IBM WILL NOT PUT THE
COMPUTER IN SERVICE UNTIL THEY RECEIVE THE FULL SIXMONTHS
ADVANCE RENT OF \$880,000. HE REGARDED THE PAST DUE RENT
AS NO PROBLEM SINCE FINANCE HAS ALREADY PAID ZAIRES TO THE
CENTRAL BANK FOR THE PAST DUE DEBT AND IBM HAS SAID IT WOULD
ACCEPT PAYMENT IN ZAIRES.

5. COMMENT: WE AGREE WITH FINANCE MINISTER'S STATEMENT CONTAINED
PARA 3. OBVIOUSLY, IBM MUST DECIDE WHAT IS IN ITS OWN BEST
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INTERESTS. HOWEVER, REMOVAL OF FINANCE COMPUTER WITH RESULTING
INABILITY OF GOZ TO MAKE GOVERNMENT PAYROLL COULD NOT OCCUR
AT WORSE TIME. IN VIEW OF PROBLEMS ARISING FROM SHABA
INVASION. WE UNDERSTAND DECISION TO REMOVE COMPUTER WAS MADE
BY IBM AFRICAN REGIONAL HEADQUARTERS IN PARIS. WE URGE
DEPARTMENT TO CONTACT IBM HEADQUARTERS ASAP TO ENSURE THAT IBM
APPRECIATES GRAVITY OF THEIR DECISION TO REMOVE COMPUTER AT
THIS CRUCIAL TIME. IMPLICATIONS AS TO MAINTENANCE OF PUBLIC ORDER
AND EVEN STABILITY OF GOVERNMENT DUE TO FAILURE TO MEET
GOVERNMENT AND MILITARY PAYROLL ARE OBVIOUS. WE SUGGEST THAT
DEPARTMENT MAY ALSO WISH TO ASK EMBASSY PARIS TO DISCUSS MATTER WITH
IBM AFRICAN REGIONAL HEADQUARTERS. CUTLER

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